

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Orleans Township</b>	County <b>Ionia</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>8/25/05</b>	Date Accountant Report Submitted to State: <b>9/26/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Lawrence Tiejema, PC</b>			
Street Address <b>1187 Hawley Highway</b>	City <b>Saranac</b>	State <b>MI</b>	ZIP <b>48881</b>
Accountant Signature <i>Lawrence Tiejema</i>		Date <b>09/23/05</b>	

# ORLEANS TOWNSHIP

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**Lawrence Tiejema, PC**

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**INDEPENDENT AUDITOR'S REPORT**

August 25, 2005

The Township Board  
Orleans Township  
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Orleans Township, Ionia County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, and the aggregate remaining fund information of Orleans Township, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated August 25, 2005, on my consideration of Orleans Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 to 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orleans Township's basic financial statements. The governmental, enterprise, and component unit's financial statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

## **Management Discussion and Analysis**

Orleans Township has faced many financial challenges over the last few years due to cuts in revenue sharing and the rising costs of services. Through all this, we have managed to continue to provide necessary funding for needed services. No cuts have been made in the Fire Department or the First Responder unit. Township roads have been maintained and the cemeteries have been cared for. To make up for any lost monies, the Board has cut optional expenditures, lowered pension plans contributions, hired an assessor not affiliated with the Township, and mailed similar items in a single envelope. In addition, the Board now meets one night per month instead of two, saving on Trustee wages and heat or air conditioning for the hall.

### **Financial Highlights**

- (1) Since the township's revenues exceeded expenditures by \$18,811 for the year ended March 31, 2005, the Township's general fund's fund balance increased to \$219,567. This fund balance represents 77.5% of normal general fund yearly expenditures. This means that Orleans Township could operate for nine months at normal expenditure rates without any additional revenue.
- (2) Of the general fund's cash deposits of \$218,697, the checking accounts contain \$215,124. To increase earnings on these funds, the Township is moving some of its reserve cash to certificates of deposits at higher interest rates.
- (3) Even though state revenue sharing decreased \$7,392 for the year ended March 31, 2005, conservative financial management has kept the Township from running a deficit.
- (4) The Township has a debt with the United States Department of Agriculture for the construction of the Town Hall/Fire Barn. Two loans with interest rates of 4.75% and 5.125% have a balance of \$290,780 as of March 31, 2005. The amount needed to service this debt for the next fiscal year is \$17,407.
- (5) The Township's sewer system indebtedness increased by \$29,800 to a total of \$1,602,000 in order to construct the Bricker Park sewer line. Through March 31, 2005, the Township invested \$276,563 in the Bricker Park Sewer line that went into service on May 1, 2005. A Rural Development Grant of \$70,100 and a commercial loan with Independent Bank of \$70,000 were used to defray construction costs.

- (6) Seventy-five of the 245 property units served or to be served by the Township's sewer system have prepaid their sewer assessments. This represents a sum of \$382,603 that is being invested to cover future interest and repayment costs on the sewer bonds. The remaining 170 residents who have not prepaid their assessments represent a total receivable of \$1,257,227 over the life of the 2 bond issues and one commercial loan used to pay for sewer construction.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, recreation and cultural, cemetery, and planning. The business-type activity of the Township is the sewer fund.

The government-wide financial statements included not only Orleans Township (known as the primary government), but a legally separate Building Authority for which the Township is financially accountable. Financial information for this component unit is located on pages 38-40 of the Notes to the Financial Statement.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. (All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds).

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government wide-financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

**Proprietary funds.** The township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer system operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 18-20 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Orleans Township has one fiduciary fund, the tax agency fund.

The basic fiduciary fund statements for the tax agency fund can be found on page 21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 22-46 of this report.



### Orleans Township's Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 228,202	\$ 1,752,941	\$ 1,981,143
Capital assets	171,871	4,317,305	4,489,176
Total assets	400,073	6,070,246	6,470,319
Long-term liabilities outstanding		1,561,800	1,561,800
Other liabilities	8,635	1,335,159	1,343,794
Total liabilities	8,635	2,896,959	2,905,594
Net assets:			
Invested in capital assets, net of related debt	171,871	2,715,305	2,887,176
Restricted		382,603	382,603
Unrestricted	219,567	75,379	294,946
Total net assets	<u>\$ 391,438</u>	<u>\$ 3,173,287</u>	<u>\$ 3,564,725</u>

The general fund is the sole governmental activity and the sewer fund is the sole business-like activity. The current assets of the general fund consist of cash deposit accounts and taxes receivable. The County of Ionia pays the Township for any 2004 real property taxes that are delinquent as of March 1. The delinquent taxes receivable as of March 31, 2005, was \$7,262. The general fund liabilities consist of wages and expenses incurred in March of 2005 and paid after the fiscal year in April or May of 2005.

The current and other assets of the sewer fund include cash accounts of \$479,724 and sewer assessments receivable of \$1,257,227. The sewer fund liabilities consist of \$1,257,227 in deferred revenue and accrued interest payable of \$35,029, which is due on April 1, 2005. A portion of the sewer fund's net assets of \$382,603 represents the early payment of sewer assessments. This portion is restricted to principal and interest payments on sewer fund debt.

### Orleans Township's Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenue:			
Program revenue:			
Charges for services	\$ 44,520	\$ 258,806	\$ 303,326
Capital grants and contributions	-	70,100	70,100
General revenue:			
Property taxes	67,626	-	67,626
State Sources	187,144	-	187,144
Other	2,779	5,633	8,412
Total revenue	<u>302,069</u>	<u>334,539</u>	<u>636,608</u>
Expenses:			
General government	111,924		111,924
Legislative	19,111		19,111
Public safety	89,509		89,509
Public works	45,209		45,209
Recreation and culture	3,478		3,478
Planning	1,598		1,598
Cemetery	15,317		15,317
Insurance	13,244		13,244
Sewer	-	247,808	247,808
Total expenses	299,390	247,808	547,198
Increase (decrease) in net assets	<u>2,679</u>	<u>86,731</u>	<u>89,410</u>
Net assets - beginning of year	388,759	3,086,556	3,475,315
Net assets - end of year	<u>\$ 391,438</u>	<u>\$ 3,173,287</u>	<u>\$ 3,564,725</u>

The general fund is the sole governmental activity and the sewer fund is the sole business-like activity. When depreciation expense is applied to the general fund for the prior fiscal year ended March 31, 2004, revenues exceeded expenditures by \$10,295. For the current year ended March 31, 2005, general fund revenues exceeded expenditures by \$2,679. For the recent fiscal year, state revenue sharing dropped by \$7,392 while total revenues dropped by \$10,790. Reductions were made in insurance, road maintenance, and capital expenditure costs to make up for this shortfall.

The sewer fund grew by \$86,731 during the recent fiscal year ended. A rural development grant of \$70,100 for the construction of the Bricker Park sewer line and pre-paid assessments of \$32,195 by Bricker Park residents played major roles in the growth of the sewer fund's net assets.

### **Orleans Township's Capital Assets**

<b>Orleans Townships Capital Assets (net of depreciation)</b>			
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Land	20,000	40,000	60,000
Construction in Progress	-	276,563	276,563
Buildings and Improvements	-	-	-
Machinery and Equipment	151,871	-	151,871
Utility Systems	-	4,000,742	4,000,742
<b>Total</b>	<b>171,871</b>	<b>4,317,305</b>	<b>4,489,176</b>

The general fund makes up the only governmental activity while the sewer fund makes up the only business-like activity. During the fiscal year ended March 31, 2005, computer technology purchases of \$6,000 raised the township's capital assets to \$151,871. The township's general fund assets are made up of fire response vehicles, fire-fighting equipment, fencing, generators, the fire siren, and computer technology used by the supervisor, clerk, and treasurer.

The Bricker Park sewer line, which went into service on May 1, 2005, accumulated costs of \$276,563 as of March 31, 2005. The Bricker Park sewer line will be depreciated over a 50-year period.

### **Orleans Township's Outstanding Debt**

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
General obligation bonds	-	1,532,000	1,532,000
Commercial Note	-	70,000	70,000
Total	-	1,602,000	1,602,000

The general fund has no existing debt. The sewer fund debt increased its debt for the year ended March 31, 2005, by \$29,800. The sewer fund retired \$40,200 in debt while borrowing \$70,000 for the construction of the Bricker Park Sewer Line.

The Building Authority, a component unit, constructed the Township Hall/Fire Barn in 2001 at a cost of \$306,910. This structure is being depreciated over a 40-year period. For the year ended March 31, 2005, depreciation expense of \$7,673 was recorded. At the same time the Building Authority retired \$3,500 of its debt on the building, leaving a balance of \$290,780.

### **Orleans Township -- Future Challenges and Opportunities**

The two main funds of Orleans Township, the General Fund and Sewer Fund, have adequate financial reserves to meet any future revenue shortfalls. The general fund has financial reserves of \$219,567, which represents 9 months of operating expenses. The sewer fund has financial assets of \$479,724 and \$457,982 in restricted and unrestricted net assets that can be used for debt repayment and operations. The Township Board is carefully monitoring the state revenue sharing revenues, which represent about 60% of its general fund budget. In the fiscal year ended March 31, 2005, Orleans Township received \$7,392 less in revenue sharing than it received during the prior year. If state revenue sharing continues to drop, a portion of the general fund's financial reserves may be needed to preserve vital township services.

To maximize the financial reserves of Orleans Township, the Township Board has authorized moving significant amounts of cash from the checking accounts to certificates of deposit. These certificates of deposit have interest rates that are 1 to 2% higher than checking account interest rates. The additional interest earnings can be used by the general fund to preserve vital township functions. Additional interest earnings for the sewer fund will assist in keeping user fees at the lowest possible level.

Orleans Township faces many financial challenges in the coming year. Though Orleans does not have a zoning ordinance that might require legal defense, it does have ordinances that could be legally challenged. A serious legal challenge to one of its ordinances could easily cost the Township \$10,000 to \$20,000. In addition, the Board would like to upgrade fire-fighting equipment in the coming years. This will be challenging in a climate of shrinking state sharing revenues. To solve this, the Township may use some of its financial reserve as a grant match for a grant that pays for fire equipment upgrade.

The Township during the fiscal year ending March 31, 2005, supervised the construction of the Bricker Park Sewer Line. This provides a needed service for Bricker Park residents and goes a long way in preserving the quality of ground water in the township. User fees and the current portion of pre-paid assessments are used to operate the sewer system and pay down its debt. If the cost of operating the sewer system rises, it will be necessary to raise rates. Every effort is being made to keep user rates affordable for the residents being served while not using the Township's limited resources to subsidize the system.

Orleans Township is well positioned to provide vital services to its citizens in the coming year. Its financial reserves should be able to maintain township services despite State of Michigan revenue sharing cuts, and prudent management of the sewer system will reduce the chance that user fees will be raised substantially.

**ORLEANS TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2005**

	Primary Government			
	Governmental	Business-type		Component
	Activities	Activities	Total	Unit
<b>Assets</b>				
Cash and deposits	\$ 218,697	\$ 479,724	\$ 698,421	\$ 1,151
Receivables				
Taxes	7,262	15,683	22,945	
Accounts Receivable			0	1,166
Special Assessments		1,257,227	1,257,227	
Due from other funds	2,550		2,550	
Internal balances	-307	307		
Contract Receivable				290,780
Land	20,000	40,000	60,000	
Construction in Progress		276,563	276,563	
Capital assets, net of accumulated depreciation	151,871	4,000,742	4,152,613	276,219
<b>Total Assets</b>	<b>400,073</b>	<b>6,070,246</b>	<b>6,470,319</b>	<b>569,316</b>
<b>Liabilities</b>				
Accounts payable	8,635	2,703	11,338	
Accrued interest payable		35,029	35,029	1,166
Unearned revenue		1,257,227	1,257,227	
Non-current liabilities:				
Due within one year		40,200	40,200	3,500
Due in more than one year		1,561,800	1,561,800	287,280
<b>Total Liabilities</b>	<b>8,635</b>	<b>2,896,959</b>	<b>2,905,594</b>	<b>291,946</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	171,871	2,715,305	2,887,176	-14,561
Restricted for:				
Debt service		382,603	382,603	290,780
Unrestricted	219,567	75,379	294,946	1,151
<b>Total net assets</b>	<b>\$ 391,438</b>	<b>\$ 3,173,287</b>	<b>\$ 3,564,725</b>	<b>\$ 277,370</b>

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2004**

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenues
		Charges for Services	Capital Grants and Contributions	
<b>Primary government</b>				
Governmental activities:				
General government	\$ 111,924	\$ 23,632		\$ (88,292)
Legislative	19,111			(19,111)
Public safety	89,509	3,938		(85,571)
Public works	45,209	8,332		(36,877)
Recreation and culture	3,478	368		(3,110)
Planning	1,598			(1,598)
Cemetery	15,317	8,250		(7,067)
Insurance	13,244			(13,244)
Total governmental activities	<u>299,390</u>	<u>44,520</u>		<u>(254,870)</u>
Business-type activity:				
Sewer	<u>247,808</u>	<u>258,806</u>	<u>70,100</u>	<u>81,098</u>
Total primary government	<u>\$ 554,001</u>	<u>\$ 303,777</u>	<u>\$ 70,100</u>	<u>(180,124)</u>
<b>Component unit</b>				
Building Authority	<u>\$ 22,234</u>	<u>\$ 14,561</u>		<u>\$ (7,673)</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED MARCH 31, 2004**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (254,870.00)	\$ 81,098.00	\$(173,772.00)	\$ (7,673)
General revenues:				
Property taxes	67,626		67,626	
State revenue sharing	187,144		187,144	
Investment earnings	2,779	5,633	8,412	
			0	
Total general revenues	257,549	5,633	263,182	
Change in net assets	2,679	86,731	89,410	(7,673)
Net assets, beginning of year	388,759	3,086,556	3,475,315	285,043
Net assets, end of year	\$ 391,438	\$ 3,173,287	\$ 3,564,725	\$ 277,370

(Concluded)

The accompanying notes are an integral part of the financial statements.



**ORLEANS TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2005  
GENERAL  
FUND**

<u>ASSETS</u>		<u>GENERAL FUND</u>
Cash and deposits	\$	218,697
Receivables:		
Taxes		7,262
Due from other funds		2,550
		<u>228,509</u>
TOTAL ASSETS		<u>228,509</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>		
LIABILITIES:		
Accounts payable and accrued expenditures:		
Wages payable		1,670
Payroll taxes		128
Accounts payable		7,144
		<u>8,942</u>
TOTAL LIABILITIES		<u>8,942</u>
 FUND BALANCE		
Undesignated		219,567
		<u>219,567</u>
TOTAL LIABILITIES AND FUND BALANCE	\$	<u>228,509</u>

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF THE GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS**

Fund balance -- total governmental funds.....	\$	219,567
 Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
 Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Add -- land.....		20,000
Add -- capital assets.....		408,987
Deduct -- accumulated depreciation.....		(257,116)
Net assets of governmental activities.....	\$	<u>391,438</u>

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005**

	GENERAL FUND
REVENUES:	
Property taxes	\$ 67,626
Licenses & permits	1,175
State sources	187,144
Charges for services	30,980
Fines and forfeitures	3,875
Interest	2,779
Other	8,490
	<u>302,069</u>
TOTAL REVENUES	302,069
EXPENDITURES:	
General government	111,604
Legislative	19,111
Public safety	73,697
Public works	45,209
Recreation and culture	3,478
Planning	1,598
Cemetery	15,317
Insurance	13,244
	<u>283,258</u>
REVENUES OVER EXPENDITURES	<u>18,811</u>
NET CHANGE IN FUND BALANCES	18,811
FUND BALANCE, BEGINNING OF YEAR	<u>200,756</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 219,567</u></u>
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES	
Net change in fund balances -- total government funds.....	\$ 18,811
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:	
Add capital outlay.....	6,000
Deduct - depreciation expense.....	(22,132)
Change in net assets of government activities.....	<u><u>\$ 2,679</u></u>

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2005**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Property taxes	\$ 60,900	\$ 60,900	\$ 67,626	\$ 6,726
Licenses and permits	1,600	1,600	1,175	(425)
State sources	195,000	195,000	187,144	(7,856)
Charges for services	33,232	33,232	30,980	(2,252)
Fines and forfeitures	3,500	3,500	3,875	375
Interest	3,800	3,800	2,779	(1,021)
Other	10,700	10,700	8,490	(2,210)
<b>TOTAL REVENUES</b>	<b>308,732</b>	<b>308,732</b>	<b>302,069</b>	<b>(6,663)</b>
<b>EXPENDITURES</b>				
General government	117,057	119,180	111,604	7,576
Legislative	22,625	23,226	19,111	4,115
Public safety	78,275	79,285	73,697	5,588
Public works	50,500	51,013	45,209	5,804
Recreation and culture	5,075	5,075	3,478	1,597
Planning	5,000	5,000	1,598	3,402
Cemetery	19,200	19,437	15,317	4,120
Insurance	11,000	13,244	13,244	0
Contingency	180,000	180,000	0	180,000
<b>TOTAL EXPENDITURES</b>	<b>488,732</b>	<b>495,460</b>	<b>283,258</b>	<b>212,202</b>
REVENUES OVER (UNDER) EXPENDITURES	(180,000)	(186,728)	18,811	205,539
NET CHANGE IN FUND BALANCES	(180,000)	(186,727)	18,811	205,539
FUND BALANCE, BEGINNING OF YEAR	200,756	200,756	200,756	-
FUND BALANCE, END OF YEAR	\$ 20,756	\$ 14,028	\$ 219,567	-

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**SEWER ENTERPRISE FUND**

March 31, 2005

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**Assets**

**Current Assets**

Cash and deposits	\$ 97,121
Accounts receivable	15,990
Special assessments -- current portion	42,500
<b>Total current assets</b>	<u>155,611</u>

**Noncurrent Assets**

Restricted cash deposits	382,603
Special assessments receivable	1,214,727
Property, plant, and equipment, net of accumulated depreciation	4,317,305
<b>Total noncurrent assets</b>	<u>5,914,635</u>

<b>Total Assets</b>	<u>6,070,246</u>
---------------------	------------------

**Liabilities**

**Current liabilities**

Accounts payable	2,703
Accrued interest payable	35,029
Bonds payable -- current portion	40,200
<b>Total current liabilities</b>	<u>77,932</u>

**Noncurrent liabilities**

Deferred revenue	1,257,227
Sewer Bonds Payable	1,561,800
<b>Total noncurrent liabilities</b>	<u>2,819,027</u>

<b>Total Liabilities</b>	<u>2,896,959</u>
--------------------------	------------------

**Net assets**

Invested in capital assets, net or related debt	2,715,305
Restricted for debt service	382,603
Unrestricted	75,379
<b>Total net assets</b>	<u>\$ 3,173,287</u>

The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS**  
**SEWER ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

**Operating revenues**

Charges for services:

Usage fees	\$ 71,142
Permits	720
Hookups	19,033
Total charges for services	<u>90,895</u>

<b>Total operating revenues</b>	<u><u>90,895</u></u>
---------------------------------	----------------------

**Operating expenses**

Administration	34,226
Plant operation and maintenance	23,226
Depreciation	<u>83,349</u>

<b>Total operating expenses</b>	<u><u>140,801</u></u>
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<b>Operating income</b>	<u><u>(49,906)</u></u>
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**Nonoperating revenue (expenses)**

Special assessments	118,128
Prepaid assessments -- current portion	49,783
Grant revenue	70,100
Interest income	5,633
Bond interest expense	(74,393)
Capitalized interest	<u>(32,614)</u>

<b>Total non-operating revenues (expenses)</b>	<u><u>136,637</u></u>
--	-----------------------

Change in net assets	86,731
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Net assets, beginning of year	<u>3,086,556</u>
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<b>Net assets, end of year</b>	<u><u>\$ 3,173,287</u></u>
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The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**SEWER FUNDS**

**FOR THE YEAR ENDED MARCH 31, 2005**

<b>Cash from operating activities</b>	
Cash received from customers	\$ 241,230
Cash paid to suppliers	(45,142)
Cash paid to employees	<u>(13,144)</u>
<b>Net cash provided by operating activities</b>	<u>182,944</u>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on bonds	(40,200)
Interest paid on bonds	(75,334)
Capitalized interest paid	(32,614)
Capital contributions	32,458
Capital grant received	70,100
Issuance of bonds	70,000
New sewer construction	<u>(276,563)</u>
<b>Net cash (used in) capital and relating financing act</b>	<u>(252,153)</u>
<b>Cash flows from investing activities</b>	
Interest received on deposits and investments	<u>5,633</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(63,576)
Cash and cash equivalents at the beginning of the year	<u>543,300</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>\$ 479,724</u></u>
<b>Reconciliation of net income to net cash provided by operating activities</b>	
Net income	86,731
Adjustments to reconcile net income to cash provided	
Depreciation expense	83,349
Changes in assets and liabilities which provided (used) cash	
Accounts receivable	(17,636)
Accounts payable	(1,709)
Deferred revenue	<u>32,209</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 182,944</u></u>

The accompanying notes are an integral part of the financial statements.

ORLEANS TOWNSHIP

FIDUCIARY FUND

TAX AGENCY FUND

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STATEMENT OF NET ASSETS

MARCH 31, 2005

**Assets**

Cash in bank	\$	2,550.00
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**Liabilities**

Due to other funds	\$	<u>2,550.00</u>
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STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2005

**Receipts**

Tax Collections	\$	1,407,108
Interest income		<u>1,273</u>

Total cash receipts		<u>1,408,381</u>
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**Disbursements**

Tax payments to government agencies	1,404,489
Refunds	2,171
Fees	236
Other expenses	<u>12</u>

Total cash disbursements	<u>1,406,908</u>
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Total receipts over (under) disbursements	1,473
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Cash balance at the beginning of the year	<u>1,077</u>
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Cash balance at the end of the year	<u>\$ 2,550</u>
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The accompanying notes are an integral part of the financial statements.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Orleans Township was organized on March 25, 1846, under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: Public safety (police, fire, ambulance), road maintenance, sewer, parks and recreation, cemetery, public improvements, planning, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

**The Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the Township and its component unit, an entity for which the Township is considered to be financially accountable. Discretely presented component units, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Township.

**Discretely Presented Component Unit**

The Orleans Building Authority (BA) was created by Orleans Township in 2000 to construct a township hall and fire barn. The purpose of the Building Authority was to issue bonds and supervise the construction of the building. The Building Authority is now responsible for making bi-yearly principal/interest payments on the two building bonds. Revenue for paying off the bonds comes from rent/lease payments made by the General Fund of Orleans Township. The BA is under the supervision and control of a four member board consisting of a supervisor and three other members.



**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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The Township approves the BA's budget and has the ability to significantly influence operations of the BA.

Separate financial statements are included in the supplementary information of this audit report.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary funds. Agency funds follow the accrual basis of accounting, and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise funds are charges for services. Operating expenses for the enterprise fund include wages, supplies, utilities, charges for services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reporting as nonoperating revenues and expenses.

**Fund Accounting**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government fund:

**General Fund** – This fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

**Sewer** – This fund is used to account for the operations of the Township's sewer department that provides sewer services to lake residents of the Township on a user charge basis.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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Additionally, the Township reports the following fund type:

**Tax Agency Fund** – This fund is used to account for property tax collections from Orleans Township real and personal property owners and its disbursement to applicable government entities and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Budgets and Budgetary Accounting**

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data that is reflected in the financial statements:

1. The budgets are generated with input from various department heads, the Township manager, clerk, treasurer, supervisor, and Township trustees.
2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board. Supplemental budget appropriations were made during the year.
8. Encumbrance accounting is not utilized.

**Investments**

Investments are stated at fair value.

**Restricted Assets**

Certain proceeds of the Sewer Fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

**Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental and business activities column in the government-wide financial statements. Capital assets are also presented in the proprietary fund statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	<u>Depreciable Life-Years</u>
Sanitary sewer systems.....	40 – 60
Furniture and equipment.....	5 – 15
Building and structures.....	10 – 40
Trucks and vehicles.....	5
Machinery and equipment.....	7 – 20

**Property Taxes**

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as a revenue during the current fiscal year, and is intended to fund expenditures of the current year.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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Taxes are levied December 1 and are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township; summer taxes are collected for other entities within the Township.

Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

**Deferred Revenue**

Government funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds are as follows:

Special assessments levied for Sewer Fund	\$ 42,500
Long-term special assessments	<u>1,214,727</u>
	<u><b>\$ 1,257,227</b></u>

**Fund Equity**

In the fund statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Proprietary funds report restricted net assets equal to restricted assets less related liabilities. The general fund of Orleans has no reservation or designations of its \$219,567 fund equity.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

**Interfund Transactions**

Except for the transfer of \$18,075 to the Building Authority as a rental/lease payments, Orleans Township had no transfers between funds.

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2005, the Township was covered by a liability and property insurance policy in the Michigan Township Participating Plan through Burnham & Flowers Insurance group. The insurance limitations are: Property, \$1,196,000; Liability, \$2,000,000; Wrongful acts, \$2,000,000. In addition, township fire equipment is insured to a maximum of \$459,480 for each occurrence.

**2. CASH AND DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS**

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

	Governmental Activities	Business- type Activities	Component Unit	Agency	Total
Deposits:					
Cash and deposits	215,343	97,121	1,151	2,550	316,165
Restricted cash and deposits	-	382,603	-	-	382,603
Investments	3,354	-	-	-	3,354
	<u>218,697</u>	<u>479,724</u>	<u>1,151</u>	<u>2,550</u>	<u>702,122</u>



**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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The carrying amount of the Township's general fund and sewer fund deposits at March 31, 2005, is \$698,421. All of these deposits are insured by the Federal Deposit Insurance Corporation. These deposits are in three (3) financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

**Statutory Authority**

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after the date of purchase.
4. Bankers acceptances of United States banks.
5. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
6. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
7. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

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Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Orleans Township are in Category 1, registered and insured and are listed as follows:

<u>Depository</u>	<u>Account</u>	<u>Amount @ 03/31/05</u>
General Fund:		
Independent Bank	General Fund checking account	\$ 215,124
Chemical Bank West	Act 495 deposit account	219
Chemical Bank West	Cemetery certificate of deposit	<u>3,354</u>
TOTAL GENERAL FUND		<u>\$ 218,697</u>
Sewer Fund		
Ionia County National Bank	Operations/Maintenance	\$ 82,530
Independent Bank	Bricker Bond Payment	7,088
Independent Bank	Bricker Construction account	34,201
Ionia County National Bank	Receiving Fund	11,425
Ionia County National Bank	Sewer Bond Payment account	313,507
Ionia County National Bank	Repair/Replace account	30,173
Ionia County National Bank	Bond Reserve account	<u>800</u>
TOTAL SEWER FUND		<u>\$ 479,724</u>

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

**3. CAPITAL ASSETS**

A summary of changes in Capital Assets follows:

	Balance April 1, 2004	Additions	Disposals	Balance March 31, 2005
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 20,000			\$ 20,000
Capital assets, being depreciated:				
Machinery and equipment	402,987	6,000		408,987
Less accumulated depreciation for:				
Machinery and equipment	234,984		22,132	257,116
Total capital assets, being depreciated net	168,003			151,871
<b>Governmental activities capital assets, net</b>	188,003			171,871
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	40,000			40,000
Construction in Progress	0	276,563		276,563
<b>Total capital assets, not being depreciated</b>	40,000			316,563
Capital assets, being depreciated				
Utility Systems	4,167,439			4,167,439
Less accumulated depreciation for:				
Utility Systems	83,349		83,348	166,697
<b>Total capital assets, being depreciated, net</b>	4,084,090			4,000,742
<b>Business-type activities capital assets, net</b>	\$ 4,124,090			\$ 4,317,305

## ORLEANS TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED MARCH 31, 2005

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Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>March 31, 2005</u>
Governmental activities:	
General government	\$ 6,320
Public safety	<u>15,812</u>
Total depreciation expense— governmental activities	<u>\$ 22,132</u>
Business-type activities	
Sewer	<u>\$ 83,348</u>

#### 4. CONTRIBUTORY PENSION PLAN

Orleans Township contributes to a group pension plan through John Hancock Life Insurance Company. The eligible participants are elected officials and individuals appointed to an office including the fire chief, deputy fire chief, deputy treasurer, and permit officer. The Township contributes 10% of the participant's compensation. There are no contributions made by the beneficiaries. For the year ended March 31, 2005, the Township contributed \$5,882 to the pension plan.

#### 5. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For governmental fund bond issues after January 1, 2001, and all proprietary fund bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

The following is a summary of debt transactions of the Township for the year ended March 31, 2005:

	Balance March 31, <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance March 31, <u>2005</u>	Date Within One Year
Business-like activities:					
Sewer Fund					
Construction Bond -- \$1,542,000 at 4.75% interest Dated November 28, 2001	\$1,503,000	0	\$ 39,500	\$1,463,500	\$ 39,500
Improvement Bond \$70,400 at 4.75% interest Dated November 28, 2002	69,200	0	700	68,500	700
Bricker Park Construction loan \$70,000 at 4.5% interest' Dated August 5, 2005	<u>0</u>	<u>70,000</u>	<u>0</u>	<u>70,000</u>	<u>5,000</u>
Total of business-like activities	1,572,200	70,000	40,200	1,602,000	45,200
Component unit:					
Building Authority					
Construction Bond \$250,000 at 4.75% interest Dated September 18, 2000	246,000	0	3,000	243,000	3,000
Construction Bond \$49,480 at 5.125% interest Dated September 18, 2000	<u>48,280</u>	<u>0</u>	<u>500</u>	<u>47,780</u>	<u>500</u>
Total of component unit activities	<u>\$ 294,280</u>	<u>\$ 0</u>	<u>\$ 3,500</u>	<u>\$ 290,780</u>	<u>\$ 3,500</u>

## ORLEANS TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED MARCH 31, 2005

The annual requirements to maturity on the total long-term obligations outstanding at March 31, 2005, are as follows:

	Sewer Fund		Building Authority		Totals Reporting Entity
	Principal	Interest	Principal	Interest	
2005-2006	\$ 45,200	\$ 74,870	\$ 3,500	\$ 13,907	\$ 137,477
2006-2007	45,300	72,735	3,500	13,738	135,273
2007-2008	45,300	70,595	3,500	13,571	132,966
2008-2009	45,300	68,455	3,600	13,400	130,755
2009-2010	45,400	66,317	3,600	13,227	128,544
2010-2014	227,600	299,392	21,500	63,279	611,771
2015-2019	224,200	245,620	27,400	57,403	554,623
2020-2024	206,400	195,106	34,700	49,897	486,103
2025-2029	208,500	145,896	44,300	40,441	439,137
2030-2034	211,300	96,126	56,500	28,329	392,255
2035-2039	211,000	45,459	72,000	13,011	341,470
2040-2041	86,500	4,114	16,680	401	107,695
	<u>\$1,602,000</u>	<u>\$1,384,685</u>	<u>\$ 290,780</u>	<u>\$ 320,604</u>	<u>\$ 3,598,069</u>

The Township's legal debt margin is based on 10% of state equalized value of \$17,781,300. Revenue, special assessment, and various self supporting obligations are excluded from the state defined debt limit.

#### 6. LITIGATION

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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**7. DUE FROM (TO) OTHER FUNDS**

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2005, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 2,550
Tax Agency Fund	\$ 2,550	\$ -

“Due to” and “due from” balances represent an amount in the tax-agency fund which may be transferred into the general fund.

**8. COMMITMENTS**

At March 31, 2005, the Township had remaining construction commitments to finish the construction of the Bricker Park sewer line, which was put in service on May 1, 2005.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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**9. COMPONENT UNIT – BUILDING AUTHORITY**

The general fund of Orleans Townships reimburses the Building Authority for all of its expenses. These expenses consist of bond principal and interest payments and attorney and accountant fees. Given here are the financial statements of the Building Authority for the year ended March 31, 2005.

**COMPONENT UNIT -- BUILDING AUTHORITY**

**STATEMENT OF NET ASSETS**

**FOR THE YEAR ENDED MARCH 31, 2005**

**ASSETS:**

Current assets	
Cash in bank	\$ 1,151
Interest receivable	<u>1,166</u>
Total current assets	2,317
Noncurrent assets	
Contract receivable	290,780
Township building and fire barn, net of depreciation	<u>276,219</u>
Total noncurrent assets	566,999
 TOTAL ASSETS	 569,316

**LIABILITIES:**

Current liabilities	
Interest payable	<u>1,166</u>
Noncurrent liabilities	
Bonds payable	<u>290,780</u>
 TOTAL LIABILITIES	 <u>\$ 291,946</u>



**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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**COMPONENT UNIT -- BUILDING AUTHORITY**

**NET ASSETS:**

Capital assets, net of related debt	\$ (14,561)
Restricted net assets	290,780
Unrestricted net assets	<u>1,151</u>

<b>TOTAL NET ASSETS</b>	<b><u>277,370</u></b>
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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS**

Revenues	
General fund transfer in	<u>14,562</u>
Total revenues	14,562

Expenses	
Audit fees	500
Interest expense	14,062
Depreciation expense	<u>7,673</u>
Total expenses	22,235

Changes in net assets	<b><u>\$ (7,673)</u></b>
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**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

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**COMPONENT UNIT -- BUILDING AUTHORITY**

**SCHEDULES OF CASH RECEIPTS AND EXPENDITURES**  
**For the Year ended March 31, 2005**

Cash in bank, March 31, 2004	\$ 1,151
Receipts received from the general fund	
Received for audit expenses	500
Received for bond interest payments	14,075
Received for bond principal payments	3,500
Total cash received	<u>18,075</u>
Expenditures	
Payment of audit fees	500
Payments of bond interest expenses	14,075
Payments of bond principal	3,500
Total cash expended	<u>18,075</u>
Cash in bank, March 31, 2005	<u>\$ 1,151</u>

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

**10. SCHEDULE OF INDEBTEDNESS – ALL FUNDS**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
SEWER FUND DEBT:						
	2005/06	4.75%	\$ 39,500	\$ 34,758	\$ 33,820	\$ 108,078
Construction of Sewer	2006/07	4.75%	39,500	33,820	32,882	106,202
Bonded Indebtedness:	2007/08	4.75%	39,500	32,882	31,944	104,326
\$1,542,000, dated November	2008/09	4.75%	39,500	31,944	31,006	102,450
28, 2001. Interest rate: 4.75%	2009/10	4.75%	39,500	31,006	30,067	100,573
	2010/11	4.75%	39,500	30,067	29,129	98,696
	2011/12	4.75%	39,500	29,129	28,191	96,820
	2012/13	4.75%	39,500	28,191	27,253	94,944
	2013/14	4.75%	39,500	27,253	26,315	93,068
	2014/15	4.75%	39,500	26,315	25,377	91,192
	2015/16	4.75%	39,500	25,377	24,439	89,316
	2016/17	4.75%	39,500	24,439	23,501	87,440
	2017/18	4.75%	39,500	23,501	22,562	85,563
	2018/19	4.75%	39,500	22,562	21,624	83,686
	2019/20	4.75%	39,500	21,624	20,686	81,810
	2020/21	4.75%	39,600	20,686	19,746	80,032
	2021/22	4.75%	39,600	19,746	18,805	78,151
	2022/23	4.75%	39,600	18,805	17,865	76,270
	2023/24	4.75%	39,600	17,865	16,924	74,389
	2024/25	4.75%	39,600	16,924	15,984	72,508
	2025/26	4.75%	39,600	15,984	15,043	70,627
	2026/27	4.75%	39,600	15,043	14,103	68,746
	2027/28	4.75%	39,600	14,103	13,162	66,865
	2028/29	4.75%	39,600	13,162	12,222	64,984
	2029/30	4.75%	39,600	12,222	11,281	63,103
	2030/31	4.75%	39,600	11,281	10,341	61,222
	2031/32	4.75%	39,600	10,341	9,400	59,341

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

		Interest			
Year	Rate	Principal	Interest	Interest	Total
2032/33	4.75%	\$ 39,600	9,400	8,460	57,460
2033/34	4.75%	39,600	8,460	7,519	55,579
2034/35	4.75%	39,600	7,519	6,579	53,698
2035/36	4.75%	39,600	6,579	5,638	51,817
2036/37	4.75%	39,600	5,638	4,698	49,936
2037/38	4.75%	39,600	4,698	3,757	48,055
2038/39	4.75%	39,600	3,757	2,817	46,174
2039/40	4.75%	39,600	2,817	1,877	44,294
2040/41	4.75%	39,500	1,877	938	42,315
2041/42	4.75%	39,500	938.13	0	40,438
Subtotal		\$ 1,463,500	\$ 660,713	\$ 625,955	\$ 2,750,168
Construction of Sewer Bonded Indebtedness: \$70,400, dated November 28, 2002. Interest rate: 4.75%	2005/06	4.75%	\$ 700	\$ 1,627	\$ 3,954
	2006/07	4.75%	800	1,610	4,020
	2007/08	4.75%	800	1,591	3,982
	2008/09	4.75%	800	1,572	3,944
	2009/10	4.75%	900	1,553	4,006
	2010/11	4.75%	900	1,532	3,964
	2011/12	4.75%	1,000	1,510	4,020
	2012/13	4.75%	1,000	1,487	3,974
	2013/14	4.75%	1,100	1,463	4,026
	2014/15	4.75%	1,100	1,437	3,974
	2015/16	4.75%	1,200	1,411	4,022
	2016/17	4.75%	1,300	1,382	4,064
	2017/18	4.75%	1,300	1,351	4,002
	2018/19	4.75%	1,400	1,321	4,042
	2019/20	4.75%	1,500	1,287	4,074
	2020/21	4.75%	1,500	1,252	4,004
	2021/22	4.75%	1,600	1,216	4,032
	2022/23	4.75%	1,700	1,178	4,056
	2023/24	4.75%	1,800	1,138	4,076
	2024/25	4.75%	1,800	1,095	3,990
	2025/26	4.75%	1,900	1,052	4,004

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
	2026/27	4.75%	\$ 2,000	\$ 1,007	\$ 1,007	\$ 4,014
	2027/28	4.75%	2,100	960	960	4,020
	2028/29	4.75%	2,200	910	910	4,020
	2029/30	4.75%	2,300	857	856	4,013
	2030/31	4.75%	2,400	803	803	4,006
	2031/32	4.75%	2,500	746	746	3,992
	2032/33	4.75%	2,700	686	686	4,072
	2033/34	4.75%	2,800	622	622	4,044
	2034/35	4.75%	2,900	556	556	4,012
	2035/36	4.75%	3,000	487	487	3,974
	2036/37	4.75%	3,200	416	416	4,032
	2037/38	4.75%	3,300	340	340	3,980
	2038/39	4.75%	3,500	261	261	4,022
	2039/40	4.75%	3,700	178	178	4,056
	2040/41	4.75%	3,800	90	90	3,980
	<b>Subtotal</b>		<b>\$ 68,500</b>	<b>\$ 37,984</b>	<b>\$ 37,983</b>	<b>\$ 144,467</b>
<b>Bricker Park Sewer</b>	2005/06	4.50%	\$ 5,000	\$ 1,575	\$ 1,462	\$ 8,037
<b>Construction</b>	2006/07	4.50%	5,000	1,462	1,350	7,812
<b>Commercial Loan, Rate 4.5%</b>	2007/08	4.50%	5,000	1,350	1,238	7,588
<b>\$70,000 October 2004</b>	2008/09	4.50%	5,000	1,238	1,125	7,363
	2009/10	4.50%	5,000	1,125	1,013	7,138
	2010/11	4.50%	5,000	1,013	900	6,913
	2011/12	4.50%	5,000	900	786	6,686
	2012/13	4.50%	5,000	787	675	6,462
	2013/14	4.50%	5,000	675	562	6,237

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
	2014/15	4.50%	\$ 5,000	\$ 562	\$ 450	\$ 6,012
	2015/16	4.50%	5,000	450	338	5,788
	2016/17	4.50%	5,000	338	225	5,563
	2017/18	4.50%	5,000	225	113	5,338
	2018/19	4.50%	5,000	113	-	5,113
	Subtotal		70,000	11,813	10,237	92,050
<b>Total Sewer Fund Debt</b>			<b>\$ 1,602,000</b>	<b>\$ 710,510</b>	<b>\$ 674,175</b>	<b>\$ 2,986,685</b>
<b>COMPONENT UNIT</b>						
<b>BUILDING AUTHORITY</b>	2005/06	4.75%	\$ 3,000	\$ 5,771	\$ 5,700	\$ 14,471
	2006/07	4.75%	3,000	5,700	5,629	14,329
<b>Building Construction Bond</b>	2007/08	4.75%	3,000	5,629	5,557	14,186
<b>US Department of Agriculture --</b>	2008/09	4.75%	3,000	5,557	5,486	14,043
<b>Rural Development</b>	2009/10	4.75%	3,000	5,486	5,415	13,901
<b>September 18, 2000</b>	2010/11	4.75%	3,000	5,415	5,344	13,759
<b>\$ 250,000 Interest Rate: 4.75%</b>	2011/12	4.75%	3,000	5,344	5,272	13,616
	2012/13	4.75%	4,000	5,272	5,177	14,449
	2013/14	4.75%	4,000	5,177	5,083	14,260
	2014/15	4.75%	4,000	5,083	4,988	14,071
	2015/16	4.75%	4,000	4,988	4,893	13,881
	2016/17	4.75%	4,000	4,893	4,797	13,690
	2017/18	4.75%	5,000	4,798	4,679	14,477
	2018/19	4.75%	5,000	4,679	4,560	14,239
	2019/20	4.75%	5,000	4,560	4,441	14,001
	2020/21	4.75%	5,000	4,441	4,323	13,764
	2021/22	4.75%	6,000	4,323	4,180	14,503
	2022/23	4.75%	6,000	4,180	4,038	14,218
	2023/24	4.75%	6,000	4,038	3,895	13,933
	2024/25	4.75%	6,000	3,895	3,753	13,648
	2025/26	4.75%	7,000	3,753	3,586	14,339
	2026/27	4.75%	7,000	3,586	3,420	14,006
	2027/28	4.75%	7,000	3,420	3,254	13,674
	2028/29	4.75%	8,000	3,254	3,064	14,318

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
	2029/30	4.75%	\$ 8,000	\$ 3,064	\$ 2,874	\$ 13,938
	2030/31	4.75%	9,000	2,874	2,660	14,534
	2031/32	4.75%	9,000	2,660	2,446	14,106
	2032/33	4.75%	9,000	2,446	2,232	13,678
	2033/34	4.75%	10,000	2,232	1,995	14,227
	2034/35	4.75%	10,000	1,995	1,757	13,752
	2035/36	4.75%	11,000	1,757	1,496	14,253
	2036/37	4.75%	11,000	1,496	1,235	13,731
	2037/38	4.75%	12,000	1,235	950	14,185
	2038/39	4.75%	13,000	950	641	14,591
	2039/40	4.75%	13,000	641	332	13,973
	2040/41	4.75%	14,000	332	-	14,332
Subtotal			\$ 243,000	\$ 134,924	\$ 129,152	\$ 507,076
	2005/06	5.125%	\$ 500	\$ 1,224	\$ 1,212	\$ 2,936
Building Construction Bond	2006/07	5.125%	500	1,212	1,199	2,911
US Department of Agriculture --	2007/08	5.125%	500	1,199	1,186	2,885
Rural Development	2008/09	5.125%	600	1,186	1,171	2,957
September 18, 2000	2009/10	5.125%	600	1,171	1,155	2,926
\$ 49,480 Interest Rate: 5.125%	2010/11	5.125%	600	1,155	1,140	2,895
	2011/12	5.125%	700	1,140	1,122	2,962
	2012/13	5.125%	700	1,122	1,104	2,926
	2013/14	5.125%	700	1,104	1,086	2,890
	2014/15	5.125%	800	1,086	1,065	2,951
	2015/16	5.125%	800	1,065	1,045	2,910
	2016/17	5.125%	800	1,045	1,024	2,869
	2017/18	5.125%	900	1,024	1,001	2,925

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2005**

Year	Interest		Interest	Interest	Total
	Rate	Principal			
2018/19	5.125%	\$ 900	\$ 1,001	\$ 978	\$ 2,879
2019/20	5.125%	1,000	978	953	2,931
2020/21	5.125%	1,000	953	927	2,880
2021/22	5.125%	1,100	927	899	2,926
2022/23	5.125%	1,100	899	871	2,870
2023/24	5.125%	1,200	871	840	2,911
2024/25	5.125%	1,300	840	807	2,947
2025/26	5.125%	1,300	807	773	2,880
2026/27	5.125%	1,400	773	737	2,910
2027/28	5.125%	1,500	737	699	2,936
2028/29	5.125%	1,500	699	661	2,860
2029/30	5.125%	1,600	661	620	2,881
2030/31	5.125%	1,700	620	576	2,896
2031/32	5.125%	1,800	576	530	2,906
2032/33	5.125%	1,900	530	481	2,911
2033/34	5.125%	2,000	481	430	2,911
2034/35	5.125%	2,100	430	376	2,906
2035/36	5.125%	2,200	376	320	2,896
2036/37	5.125%	2,300	320	261	2,881
2037/38	5.125%	2,400	261	199	2,860
2038/39	5.125%	2,500	199	135	2,834
2039/40	5.125%	2,600	135	69	2,804
2040/41	5.125%	2,680	69	-	2,749
Subtotal		47,780	28,876	27,652	104,308
Total Building Authority Debt		290,780	163,800	156,804	611,384
Total Debt		\$ 1,892,780	\$ 874,310	\$ 830,979	\$ 3,598,069



## **GENERAL FUND**

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The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grant, and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, Recreation and Culture and Other.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

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**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
<b>TAXES</b>				
Current property taxes	\$ 60,900	\$ 60,900	\$ 59,213	\$ (1,687)
Delinquent property taxes	0	0	8,413	8,413
<b>TOTAL TAXES</b>	<u>60,900</u>	<u>60,900</u>	<u>67,626</u>	<u>6,726</u>
<b>LICENSES AND PERMITS</b>				
Licenses and permits	<u>1,600</u>	<u>1,600</u>	<u>1,175</u>	<u>(425)</u>
<b>STATE SOURCES</b>				
State revenue sharing	<u>195,000</u>	<u>195,000</u>	<u>187,144</u>	<u>(7,856)</u>
<b>CHARGES FOR SERVICES</b>				
Land division application fees	1,500	1,500	1,000	(500)
Street lighting	7,300	7,300	8,331	1,031
Cemetery	8,300	8,300	8,250	(50)
Trailer fees	132	132	0	(132)
Cable franchise	6,000	6,000	3,331	(2,669)
Sewer fund employment taxes	2,500	2,500	1,900	(600)
Landfill surcharge	<u>7,500</u>	<u>7,500</u>	<u>8,168</u>	<u>668</u>
<b>TOTAL CHARGES FOR SERVICES</b>	<u>33,232</u>	<u>33,232</u>	<u>30,980</u>	<u>(2,252)</u>
<b>FINES AND FORFEITURES</b>				
Ordinance violation fines	<u>3,500</u>	<u>3,500</u>	<u>3,875</u>	<u>375</u>
<b>INVESTMENT EARNINGS</b>				
Interest on deposits	<u>3,800</u>	<u>3,800</u>	<u>2,779</u>	<u>(1,021)</u>

**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2005**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>OTHER REVENUE</b>				
Refunds and rebates	\$ 200	\$ 200	\$ 4,353	\$ 4,153
Library special fund	1,200	1,200	369	(831)
Fire department revenue	1,000	1,000	63	(937)
Other revenue	8,300	8,300	3,705	(4,595)
<b>TOTAL OTHER REVENUE</b>	<u>10,700</u>	<u>10,700</u>	<u>8,490</u>	<u>(2,210)</u>
<b>TOTAL REVENUES</b>	<u>\$ 308,732</u>	<u>\$ 308,732</u>	<u>\$ 302,069</u>	<u>\$ (6,663)</u>
<b>EXPENDITURES</b>				
<b>LEGISLATIVE</b>				
Township board	\$ 22,625	\$ 23,226	\$ 19,111	\$ 4,115
<b>GENERAL GOVERNMENT</b>				
Supervisor	13,115	13,115	9,949	3,166
Elections	4,700	5,071	3,642	1,429
Assessor	17,675	17,675	16,032	1,643
Clerk	16,713	16,857	16,370	487
Board of review	1,900	2,220	1,285	935
Treasurer	22,681	23,062	20,989	2,073
Townhall	6,323	6,537	3,790	2,747
Pension plan	7,500	7,500	7,468	32
Employment taxes	6,700	6,818	6,733	85
Act 495 fund	-	-	6,725	(6,725)
Inspections	2,250	2,250	546	1,704
Building lease	17,500	18,075	18,075	0
<b>Total general government</b>	<u>117,057</u>	<u>119,180</u>	<u>111,604</u>	<u>7,576</u>

**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2005**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>PUBLIC SAFETY</b>				
Township deputy	\$ 27,000	\$ 27,000	\$ 26,829	\$ 171
Fire department	34,275	35,285	27,371	7,914
Ambulance	17,000	17,000	19,497	(2,497)
Total public safety	78,275	79,285	73,697	5,583
<b>PUBLIC WORKS</b>				
Drains	1,000	1,000	200	800
Road work	41,800	41,800	37,439	4,361
Street lighting	7,300	7,300	6,657	643
Disposal service	400	571	571	0
Long lake sewer	0	342	342	0
Total public works	50,500	51,013	45,209	5,804
<b>RECREATION AND CULTURE</b>				
Community library	4,075	4,075	3,470	605
Recreation and parks	1,000	1,000	8	992
Total recreation and culture	5,075	5,075	3,478	1,597
<b>CEMETERY</b>				
Cemetery	19,200	19,437	15,317	4,120
<b>PLANNING</b>				
Planning Commission	5,000	5,000	1,598	3,402
<b>INSURANCE</b>				
Insurance	11,000	13,244	13,244	0

**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2005**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
CONTINGENCY				
Contingency set aside	\$ 180,000	\$ 180,000	\$ 0	\$ 180,000
<b>TOTAL EXPENDITURES</b>	<b>488,732</b>	<b>495,460</b>	<b>283,258</b>	<b>212,202</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(180,000)</b>	<b>(186,728)</b>	<b>18,811</b>	<b>205,539</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(180,000)</b>	<b>(186,728)</b>	<b>18,811</b>	<b>205,539</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>200,756</b>	<b>200,756</b>	<b>200,756</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 20,756</b>	<b>\$ 14,028</b>	<b>\$ 219,567</b>	<b>-</b>

**Lawrence Tiejema, PC**

Certified Public Accountant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

August 25, 2005

The Township Board  
Orleans Township  
Ionia County, Michigan

I have audited the financial statements of the governmental activities, the business-type activity, the aggregate discretely presented component unit, and the aggregate remaining fund information of the Township of Orleans, State of Michigan, as of and for the year ended March 31, 2005, which collectively comprise Orleans Township's basic financial statements and have issued a report thereon dated August 25, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Orleans Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orleans Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lawrence Tiejema, PC.

August 25, 2005